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| Adopted | Rejected |
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## COMMITTEE REPORT

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| YES: | 11 |
| NO:  | 0  |

### MR. SPEAKER:

*Your Committee on Insurance, Corporations and Small Business, to which was referred Senate Bill 405, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill **be amended** as follows:*

- 1       Page 1, between the enacting clause and line 1, begin a new
- 2       paragraph and insert:
- 3       "SECTION 1. IC 23-2-2.5-7 IS AMENDED TO READ AS
- 4       FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 7. **(a)** Upon the entry
- 5       of a stop order under section 6 **of this chapter**, the commissioner shall
- 6       notify the ~~applicant~~ **franchisor**:
- 7       **(1)** of ~~that the entry and~~ of the **stop order**;
- 8       **(2)** of the reasons ~~therefor~~ **for the stop order**; and
- 9       **(3)** that, upon receipt of **a** written request, the matter will be set
- 10      down for hearing to commence within fifteen (15) days after
- 11      receipt of such request, unless the ~~applicant~~ **franchisor** consents
- 12      to a later date.
- 13      **(b)** If no hearing is requested or none is ordered by the

commissioner, the **stop** order is effective until it is modified or vacated by the commissioner.

(c) If a hearing is requested or ordered, the commissioner, after notice and hearing, may modify or vacate the **stop** order."

Page 2, between lines 14 and 15, begin a new paragraph and insert:

"SECTION 3. IC 23-2-2.5-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 11. ~~Applications for~~ Registration **notification forms**, registration renewal ~~statements~~, **forms**, and amendments thereto, shall be signed and verified by the franchisor.

SECTION 4. IC 23-2-2.5-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 12. If the commissioner finds that:

(1) the ~~applicant~~ **franchisor** has failed to demonstrate that adequate financial arrangements have been made to fulfill obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the offering; **and**

(2) the **escrow or impoundment of franchise fees is necessary and appropriate to protect prospective franchisees;**

the commissioner may by ~~rule or~~ order require the escrow or impoundment of franchise fees and other funds paid by the franchisee until no later than the time of opening of the business of the franchisee. ~~if he finds that such requirement is necessary and appropriate to protect prospective franchisees.~~

Page 2, line 17, delete "by".

Page 2, line 17, after "notification" insert "**form filed**".

Page 3, line 1, strike "that".

Page 3, line 1, strike "applicant".

Page 3, line 1, after "applicant" insert "**franchisor**".

Page 3, line 2, delete ";" and insert "**of this chapter;**".

Page 3, line 3, strike "that".

Page 3, line 9, delete "its" and insert "**the franchisor's**".

Page 3, line 15, delete "application or".

Page 3, line 15, delete "by notification".

Page 3, line 29, delete "application or".

Page 3, line 29, delete "by notification".

Page 3, line 35, delete "application or".

Page 3, line 35, delete "by notification".

- 1 Page 4, between lines 7 and 8, begin a new paragraph and insert:
- 2 "SECTION 7. IC 23-2-2.5-15 IS AMENDED TO READ AS
- 3 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 15. **(a)** Upon the entry
- 4 of a stop order under section 14 **of this chapter**, the commissioner
- 5 shall notify the ~~applicant~~ **franchisor**:
- 6 **(1) of that the entry and of the stop order;**
- 7 **(2) of the reasons therefor for the stop order; and**
- 8 **(3) that, upon receipt of a written request, the matter will be set**
- 9 **down for hearing to commence within fifteen (15) days after**
- 10 **receipt of such request, unless the applicant franchisor consents**
- 11 **to a later date.**
- 12 **(b) If no hearing is requested or none is ordered by the**
- 13 **commissioner, the stop order is effective until it is modified or vacated**
- 14 **by the commissioner.**
- 15 **(c) If a hearing is requested or ordered, the commissioner, after**
- 16 **notice and hearing, may modify or vacate the stop order."**
- 17 Page 4, line 10, after "14" insert "**of this chapter**".
- 18 Page 4, line 14, delete "notification." and insert "**notification**
- 19 **form.**".
- 20 Page 4, line 18, strike "an" and insert "**a**".
- 21 Page 4, line 19, strike "application for" and insert "**registration**".
- 22 Page 4, line 19, strike "of the registration" and insert "**form**".
- 23 Page 4, line 22, after "14" insert "**of this chapter**".
- 24 Page 4, line 27, strike "The".
- 25 Page 4, line 28, strike "renewal of a" and insert "**A**".
- 26 Page 4, line 28, after "registration" insert "**renewal form**".
- 27 Page 4, line 28, after "and" insert "**contain the**".
- 28 Page 4, line 31, strike "application" and insert "**form**".
- 29 Page 4, between lines 32 and 33, begin a new paragraph and insert:
- 30 "SECTION 11. IC 23-2-2.5-22 IS AMENDED TO READ AS
- 31 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 22. The commissioner
- 32 may accept and act upon the opinions, appraisals, or reports of any
- 33 experts which may be presented by ~~an applicant~~ **a franchisor** or any
- 34 interested party, on any question of fact concerning the franchises
- 35 proposed to be offered or sold. The commissioner may also have any
- 36 or all matters concerning those franchises investigated, appraised,
- 37 passed upon or certified to ~~him~~ **the commissioner** by any experts
- 38 selected by ~~him, the commissioner~~, at the expense of the ~~applicant~~.

- 1 **franchisor."**
- 2 Page 4, line 35, strike "an application for" and insert "**a**".
- 3 Page 4, line 35, after "chapter" insert "**renewal form**".
- 4 Page 4, line 36, after "or" insert "**a**".
- 5 Page 4, line 36, delete "by".
- 6 Page 4, line 36, after "notification" insert "**form**".
- 7 Page 5, line 8, strike "Every applicant for".
- 8 Page 5, line 9, strike "registration of an" and insert "**Before a**
- 9 **person may**".
- 10 Page 5, line 9, after "chapter" insert ", **the person**".
- 11 Page 5, line 12, strike "applicant's" and insert "**person's**".
- 12 Page 5, line 14, strike "applicant" and insert "**person**".
- 13 Page 5, line 14, strike "applicant's" and insert "**person's**".
- 14 Page 5, line 33, after "a" insert "**form for**".
- 15 Page 5, line 36, strike "renewal of".
- 16 Page 5, line 36, delete "by" and insert "**renewal form**".
- 17 Page 5, line 37, delete "notification".
- 18 Page 5, line 39, delete "proposed registration by notification" and
- 19 insert "**registration notification form or registration renewal form**".
- 20 Page 6, between lines 1 and 2, begin a new paragraph and insert:
- 21 "SECTION 15. IC 23-2-2.5-48 IS AMENDED TO READ AS
- 22 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 48. **(a)** All ~~applications,~~
- 23 **registration notification forms, registration renewal forms,**
- 24 **applications to amend registrations,** reports, and other papers and
- 25 documents filed with the commissioner under this chapter shall be
- 26 open to public inspection. The commissioner may ~~in his discretion,~~
- 27 publish any information filed with ~~him~~ or obtained by ~~him~~: **the**
- 28 **commissioner**. No provision of this chapter authorizes the
- 29 commissioner or any of ~~his~~ **the commissioner's** assistants, clerks, or
- 30 deputies to disclose any information withheld from public inspection
- 31 except among themselves or when necessary or appropriate in a
- 32 proceeding or investigation under this chapter or to other federal or
- 33 state regulatory agencies. No provision of this chapter either creates or
- 34 derogates from any privilege which exists at common law or otherwise
- 35 when documentary or other evidence is sought under a subpoena
- 36 directed to the commissioner or any of ~~his~~ **the commissioner's**
- 37 assistants, clerks, or deputies.
- 38 **(a) (b)** It is unlawful for the commissioner or any of ~~his~~ **the**

1 **commissioner's** assistants, clerks, or deputies to use for personal  
 2 benefit any information which is filed with or obtained by the  
 3 commissioner and which is not then generally available to the public.  
 4 ~~(b)~~ **(c)** Upon request, and at such reasonable charges as ~~he~~ **the**  
 5 **commissioner** prescribes by rule, the commissioner shall furnish to  
 6 any person photostatic or other copies (certified by ~~him~~ **the**  
 7 **commissioner** if **certification is** requested) of any document which is  
 8 retained as a matter of public record, except that ~~he~~ **the commissioner**  
 9 shall not charge or collect any fee for photostatic or other copies of any  
 10 document furnished to public officers for use in their official capacity.  
 11 ~~(c)~~ **(d)** The commissioner may destroy any registration ~~applications,~~  
 12 **notification forms**, together with the files and folders, as useless or  
 13 obsolete, four (4) years after the date of registration; provided that a  
 14 permanent record shall be maintained of any disciplinary action taken  
 15 by the commissioner and of all orders issued under this chapter.  
 16 ~~(d)~~ **(e)** Copies on microfilm or in other form which may be retained  
 17 by the commissioner ~~in his discretion~~ of any records destroyed under  
 18 this section shall be accepted for all purposes as equivalent to the  
 19 original when certified by the commissioner."  
 20 Renumber all SECTIONS consecutively.  
 (Reference is to SB 405 as printed February 9, 2001.)

**and when so amended that said bill do pass.**

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Representative Crooks